Ms. Marlene H. Dortch Secretary Federal Communications Commission 445 12th Street, SW Washington, DC 20554

Re: Open Internet Remand, GN Docket No. 14-28 Framework for Broadband Internet Service No. 10-127

Filed via ECFS

May 8, 2014

Dear Ms. Dortch:

I am Althea Erickson, policy director at Etsy, Inc.

On May 7, 2014, I met with Commissioner Ajit Pai and Nick Degani of his office, and met separately with Gigi Sohn (Special Counsel), Sagar Doshi (Special Assistant), and Paul Waters (Law Clerk) of Chairman Tom Wheeler's office. Marvin Ammori, a lawyer, accompanied me.

I am submitting in to the record a letter we signed, alongside almost 150 companies, calling for rules against discrimination and paid prioritization. And I am entering our public statement about the letter here:

Etsy Public Statement, 5/7/14

Etsy and our sellers would suffer under any rule that would allow big companies to pay for better broadband access to customers. For example, if Etsy were to enable our sellers to market their products with videos, Etsy may not be able to afford such high-speed access, and the one million micro-businesses that earn income on Etsy would be out of luck.

Instead, we urge the FCC to reclassify broadband as a telecommunications service and regulate it like the utility it is.

- Althea Erickson, Director of Public Policy, Etsy

In our meetings, I explained that Etsy's business model simply would survive the Chairman's proposed rules that would authorize fast and slow lanes on the Internet, and that the vague litigation standard of "commercial reasonableness" provides our company no effective remedy.

Etsy is an online marketplace where artists, designers, and collectors sell handmade and vintage goods to buyers around the world. We host over one million sellers worldwide, 88% of whom are women. Collectively, they sold over 1.3 billion in goods last year. Most Etsy sellers are low and moderate-income sole proprietors who sell on Etsy to supplement their incomes, while 18% sell their goods full-time. Etsy's advocacy on this issue is focused on maintaining a platform supports those sellers now, and in the future. We have almost 500 employees and are headquartered in Brooklyn, New York.

We have a very low margin business. We have made a conscious, values-based choice to take only 3.5% of each sale, and charge just 20 cents to list an item. That is extremely low compared to other ecommerce platforms, and we made that decision to ensure that the widest range of sellers and buyers would have access to the marketplace. Other ecommerce platforms may take several times that percentage.

Our business would be threatened despite a no-blocking rule if a paid fast lane were permitted. We would most likely be in the slow lane. We have seriously considered offering our sellers the ability to create and share videos on Etsy. Video would allow our sellers to connect with buyers by introducing the real person behind the product, while demonstrating the unique process they use to make their handcrafted goods. Our margins would not allow us to pay for a fast lane to ensure our site loaded as quickly, or that our videos played with as little buffering and with as high-definition as rival sites. We could have to violate our values-based decision and raise our prices, thereby decreasing the number of sellers who would otherwise have access to the platform. Even if decided to increase our prices, we might still be unable to pay. The Chairman is apparently proposing a rule that would permit exclusive deals, and Etsy could likely never afford an exclusive deal for ecommerce sites with our margins and size. We do not want the micro-businesses who depend on our site to pay higher fees and we want them to have access equal to that of any seller on any other site on the Internet.

Moreover, we can't predict everything that will eventually be on our product roadmap, but there is no reason to believe that e-commerce sites will not evolve to include virtual reality elements or real-time communications. We fear that Etsy will likely remain in a

slow lane without the ability to provide sellers such technologies, and believe ISPs will have incentives to cater to their paying customers in the fast lane rather than everyone else in the slow lane. They will also have an incentive to ensure that we in the slow lane are unable to compete effectively without access to the fast lane.

We have no comfort in a commercial reasonableness rule requiring us to take our chances that our expert witnesses and economists can prove that a particular deal harms consumers or competition. This is an invitation to engage in the equivalent of a major antitrust litigation merely to have access to users.

We expressed strong support for network neutrality and opposition to permitting paid prioritization, discriminatory exemptions from bandwidth caps, and application-specific technical discrimination. Etsy also explained that the commercial reasonableness standard, unlike *per se* bars on specific types of unreasonable discrimination, would result in expensive, uncertain litigation that Etsy could not afford to undertake.

We also urged the Commission to consider reclassification of broadband Internet access as a Title II service, subject to appropriate forbearance.

We also left behind a packet with information about Etsy sellers, submitted also into the record.

Sincerely, Althea Erickson Policy Director, Etsy, Inc.